

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 EA-10 NEA-10 ISO-00 SP-02
ICA-11 AID-05 NSC-05 TRSE-00 SS-15 STR-07 OMB-01
CEA-01 OPR-02 ABF-01 CIAE-00 DODE-00 INR-10
NSAE-00 PA-01 L-03 AGRE-00 COME-00 /115 W
-----122686 281337Z /43

P 281359Z JUL 78

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 1133

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY JIDDA

AMEMBASSY LONDON

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY TOKYO

AMEMBASSY TEHRAN

AMCONSUL LUBUMBASHI

USMISSION USNATO

C O N F I D E N T I A L KINSHASA 8197

BRUSSELS ALSO FOR USEEC

E.O. 11652:GDS

TAGS:EFIN, EAID, CG

SUBJECT:STATUS OF GOZ STABILIZATION MEASURES

REF: KINSHASA 6814

1. ON JULY 27 AMBASSADOR AND ECON COUNS HAD TWO-HOUR MEETING
WITH CENTRAL BANK GOVERNOR BOFOSSA. TOPICS DISCUSSED INTER ALIA
WERE:

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A. IMF STANDBY PROGRAM. BOFOSSA PLANS TO ARRIVE WASHINGTON
AUGUST 6 FOR APPROXIMATELY ONE WEEK VISIT, PRIMARY PURPOSE OF
WHICH WILL BE TO MEET WITH IMF OFFICIAL CONCERNING PROSPECTIVE
NEW STANDBY AGREEMENT. BOFOSSA STATED THAT HE WILL CONVEY TO IMF
MOBUTU'S ACCEPTANCE OF GENERAL PRINCIPLES AND GUIDELINES SUB-
MITTED BY IMF OFFICIALS. DETAILS REMIAN TO BE WORKED OUT, BUT
BOFOSSA EXPECTS THAT FINAL AGREEMENT CAN BE CONCLUDED BY

SEPTEMBER.

B. TECHNICAL ASSISTANCE. BLUMENTHAL, PROPOSED IMF PRINCIPAL DIRECTOR FOR CENTRAL BANK, IS STILL EXPECTED TO ARRIVE KINSHASA AUGUST 14. THREE OTHER MEMBERS OF THE SEVEN-MAN TEAM -- A BELGIAN, AN ENGLISHMAN, AND A FRENCHMAN--WILL ARRIVE WITH HIM OR SHORTLY THEREAFTER. THE OTHER THREE MEMBERS OF TEAM HAVE NOT YET BEEN SELECTED. ASKED ABOUT "ORDONNATEUR" FOR FINANCE DEPT, BOFOSSA SAID GOZ HAD MADE "COURTESY REQUEST" OF IBRD FOR EXPERT TO FILL THAT POSITION, REALIZING THAT IBRD WOULD NOT BE IN POSITION TO COMPLY. BOFOSSA UNDERSTOOD GOZ WAS NOW SEEKING ASSISTANCE FROM FED ON THIS MATTER.

C. BETTER REPATRIATION OF EXPORT RECEIPTS. BOFOSSA REFERRED TO STEPS CONTEMPLATED BY CENTRAL BANK (REFTEL) TO IMPROVE REPATRIATION OF EXPORT RECEIPTS, PARTICULARLY FOR COFFEE. HE STATED THAT GOZ HAS ISSUED INSTRUCTIONS TO EXPORTERS AND PRIVATE BANKS THAT IN FUTURE EXPORT LICENSES MUST BE ACCOMPANIED BY IRREVOCABLE LETTERS OF CREDIT SO AS TO ENSURE THAT EXPORT PROCEEDS ARE REPATRIATED IN FULL. GOZ IS NOW IN THE PROCESS OF REVIEWING ALL EXPORT LICENSES ISSUED BY PRIVATE BANKS DURING 1977 AND FIRST HALF 1978. IN THISE INSTANCES WHERE FULL PROCEEDS HAVE NOT BEEN REPATRIATED, GOZ WILL INSIST ON FULL REPATRIATION AND/OR PENALIZE EMPORTERS. ALSO, CENTRAL BANK OFFICIALS HAVE MET WITH COMMERCIAL BANKERS TO DISCUSS PROPOSED MEASURES TO IMPROVE BANKS' UTILIZATION OF FOREIGN EXCHANGE RECEIPTS IN ACCORDANCE WITH IMPORT
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PRIORITIES (REFTEL). CENTRAL BANK WILL SHORTLY ISSUE DIRECTIVE DESIGNED TO ACHIEVE THAT GOAL.
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